

Quarterly Report

September 30, 2023

(un-audited)



Funds Managed by:
AKD Investment Management Ltd

Partner with AKD
Profit form the Experience



**AKD Investment
Management Ltd.**

CORPORATE INFORMATION

MANAGEMENT COMPANY

AKD Investment Management Limited
216-217, Continental Trade Centre, Block-8, Clifton, Karachi-74000.

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY*

Chairman

Mr. Khalid Mahmood

Chief Executive Officer*

Mr. Imran Motiwala

Director(s)

Ms. Anum Dhedhi
Ms. Aysha Ahmed
Mr. Ali Wahab Siddiqi
Mr. Hasan Ahmed
Mr. Abid Hussain

CHIEF OPERATING OFFICER AND COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Mr. Muhammad Yaqoob Sultan, CFA

CHIEF FINANCIAL OFFICER OF THE MANAGEMENT COMPANY

Mr. Muhammad Munir Abdullah

HEAD OF INERNAT AUDIT OF THE MANAGEMENT COMPANY

Ms. Tayyaba Masoom Ali, ACA (ICAP & ICAEW)

AUDIT AND RISK MANAGEMENT COMMITTEE

Mr. Ali Wahab Siddiqui (Chairman)
Mr. Hasan Ahmed (Member)
Ms. Tayyaba Masoom Ali, ACA (ICAP & ICAEW) (Secretary)

HUMAN RESOURCE AND REMUNERATION (HR & R) AND NOMINATION COMMITTEE

Ms. Aysha Ahmed (Chairperson)
Mr. Abdul Karim (Member)
Mr. Imran Motiwala (Member)
Ms. Anum Dhedhi (Member)
Mr. Muhammad Yaqoob Sultan, CFA (Secretary)

RATING

AKD Investment Management Limited AM3++ (AM Three Plus Plus) issued by PACRA

**Election of Directors was held on October 10, 2023.*

Approval is pending from SECP.

VISION

To serve investors in Pakistan's capital markets with diligence, integrity and professionalism, thereby delivering consistent superior returns and unparalleled customer service.

MISSION STATEMENT

- » Keep primary focus on investing clients' interest
- » Achieve highest standards of regulatory compliance and good governance
- » Prioritize risk management while endeavouring to provide inflation adjusted returns on original investment
- » Enable the investing public and clients to make AKDIML Funds a preferred part of their overall savings and investment management strategy
- » Distinguish themselves and compete on the basis of unparalleled service quality while setting industry standards for professionalism, transparency and consistent leading performance
- » Foster and encourage technical, professional, ethical development of human capital to provide our people the best opportunities and environment for their personal growth.

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of AKD Investment Management Limited (AKDIML), the Management Company of AKD Opportunity Fund (AKDOF), Golden Arrow Stock Fund (GASF), AKD Index Tracker Fund (AKDITF), AKD Cash Fund (AKDCF), AKD Aggressive Income Fund (AKDAIF), AKD Islamic Income Fund (AKDISIF), AKD Islamic Stock Fund (AKDISSF) and AKD Islamic Daily Dividend Fund (AKDIDDF) is pleased to present its first quarter report along with the Funds' un-audited Financial Statements for the quarter ended September 30, 2023.

FUNDS' FINANCIAL PERFORMANCE

AKD Opportunity Fund (AKDOF)

For the 1QFY24, the return of AKD Opportunity Fund stood at 4.38% compared to the benchmark KSE-100 Index return of 11.53%.

Golden Arrow Stock Fund (GASF)

For the 1QFY24, the return of Golden Arrow Stock Fund stood at 9.11% compared to the benchmark KSE-100 Index return of 11.53%.

AKD Islamic Stock Fund (AKDISSF)

For the 1QFY24, the return of AKD Islamic Stock Fund stood at 19.77% compared to the benchmark KMI-30 Index return of 9.78%.

AKD Index Tracker Fund (AKDITF)

For the 1QFY24, the return of AKD Index Tracker Fund stood at 10.91% compared to the benchmark KSE-100 Index return of 11.53%.

AKD Cash Fund (AKDCF)

For the 1QFY24, the annualized return of AKD Cash Fund stood at 21.69% compared to the benchmark return of 21.94%.

AKD Islamic Income Fund (AKDISIF)

For the 1QFY24, the annualized return of AKD Islamic Income Fund stood at 20.70% compared to the benchmark return of 7.60%.

AKD Aggressive Income Fund (AKDAIF)

For the 1QFY24, the annualized return of AKD Aggressive Income Fund stood at 22.43% as compared to the benchmark return of 23.54%.

AKD Islamic Daily Dividend Fund (AKDIDDF)

For the 1QFY24, the annualized return of AKD Islamic Daily Dividend Fund stood at 18.79% as compared to the benchmark return of 8.35%.

MACRO PERSPECTIVE

The year FY24 brought fresh tides of hope for Pakistan as the economy stepped on the path to recovery. Pakistan saw a major decline in imports as high inflation coupled with record interest rates led to demand compression coupled with progressive efforts like restoring the balance to the exchange rate via stopping illegal channels. On the monetary front, SBP kept the policy rate status quo reaffirming market consensus that the monetary tightening cycle had perhaps come to an end, while relaying optimism of monetary easing during 2HFY24 on the back of high base effect and average inflation peaking at 29% levels. Pakistan is also likely to receive the remaining two tranches in line with the IMF Stand-by Agreement following key measures undertaken as required under the said Program. In addition, Reportedly, Pakistan is also scheduled to hold National Elections in January 2024 which will fill the void created by political uncertainty over the past couple of years, ensuring much needed political clarity.

The Current Account Deficit for the month of September 2023 clocked in at USD 8 million, from a Current Account Deficit of USD 164 million (*revised*) in August 2023 taking the 1QFY24 CAD to USD 0.95 billion against USD 2.26 billion, down -58% YoY during the same period last year primarily due to a decline in imports.

The total Imports witnessed a hefty decline of -19% YoY from USD 18.38 billion to USD 14.86 billion during 3MFY24 whereas the total exports also declined by -4% YoY from USD 8.73 billion to USD 9.10 billion. Furthermore, foreign workers continued to support the external account which also declined -20% YoY from USD 7.90 billion to USD 6.33 billion. The decline is achieved mostly due to the import restrictions that were placed during most of the year.

The SBP in its Monetary Policy Committee on October 30, 2023, decided to keep the policy rate unchanged at 22% which was in line with the market consensus. The SBP premised their decision based on the forward looking inflation projections and the already on-going declining inflationary trend from 29%>28%>27% in the months June>July>August considering September's 31% as an outlier. Moreover, the SBP believes that despite global oil prices soaring recently, its impact will in principle be passed onto the consumers through subsequent price increases, while inflation is like to remain overall on a downward trajectory from 2HFY24. Additionally, the expected ease in supply constraints owing to better agriculture output and the recent administrative measures against speculative activity in the FX and commodity markets would also support the inflation outlook.

The SBP's medium term target for inflation is 5-7% by FY25. The next MPC meeting is due to be held on December 12, 2023, where we expect the interest rates to remain unchanged despite early expectations of rate cuts. The change in our stance from declining interest rates to holding the interest rates at record high levels of 22% is that the incumbent government continues facing economic headwinds despite improvement in CAD and FX reserves.

The Government's resilient efforts to attract investments from Non-Resident Pakistanis continued to yield results, with an impressive inflow of USD 6.76 billion through Roshan Digital Accounts (RDA) with more than 610,000 accounts till September 2023.

Moreover, the FBR collected revenues worth PKR 2.04 trillion during 1QFY24 against the target of 1.98 trillion during same period last year exceeding the target by PKR 63 billion. Moreover, FBR also achieved the target for the month of September 2023 by collecting PKR 834 billion (*PKR 688 billion SPLY*) against a target of PKR 794 billion.

As per the SBP Country-wise Remittances data for FY24, Pakistan has received remittances of USD 767 million from USA, USD 947 million from UK, USD 1,516 million from KSA and USD 1,024 million from UAE. The SBP reserves currently stands at USD 7.49 billion (*total liquid FX reserves USD 12.66 billion*) as at October 20, 2023 representing an import cover of mere 7 weeks.

The NCPI during the month of September 2023 clocked in at 31.44% YoY as compared to 27.38% YoY in July 2023 and 23.18% in September 2022. This took the 3MFY24 average NCPI to 29.04% compared to 25.11% during the SPLY.

The Large Scale Manufacturing (*LSMI*) sector, which accounts for about 80% of the country's industrial output, increased by 2.52% YoY in August 2023 compared to same period last year after 13 months of consecutive decline as a result of expensive raw material costs in the light of currency devaluation, high interest rates, and global recession.

EQUITY MARKET REVIEW

The Equity market witnessed an aggressive come back during 1QFY24 closing in at 46,232.59 level, gaining 4,779.90 points (*11.53% YoY*). During the quarter, investors celebrated improving macros with an appreciating currency while withering hard but necessary steps taken by the caretaker setup to ensure sustainability for the country. In addition, the market also celebrated the unchanged interest rate stance of the SBP which is signaling the end of the tightening era.

During 1QFY24, investor participation improved as volumes increased by 29% YoY to 280 million shares from 217 million shares recorded during last year. Surprisingly, after five years of outflows from FY18 to FY22, foreigners were net buyers in FY23 with USD 1.53 million and another massive USD 22 million was attracted in 1QFY24. Foreigner's interest was majorly caught in Commercial Banks (*USD 16 million*) and Technology and Communication (*USD 8 million*).

The sectors that performed during 1QFY24 are Commercial Banks (*19.58%*), Oil & Gas Exploration Companies (*15.10%*), Chemical (*11.21%*), Power Generation & Distribution (*17.10%*), and Food & Personal Care Products (*4.11%*). While the sectors that kept the bulls in check are Fertilizer (*-7.61%*),

Synthetic & Rayon (-5.30%), Pharmaceuticals (-2.08%), Modarabas (-15.41%), Paper & Board (-4.23%) as panic swayed away local investors to safer havens and fixed income given that interest rates are almost at record highs.

On a 10Y period, the KSE - 100 index yielded an annualized return of 7.79% (-2.48% *annualized in USD terms*). The persistent decline in the local currency against the US Dollar has kept foreign investors at bay despite extremely compelling valuations. While foreigners have been on the sell side for several years now; frontier market investors are likely to turn net buyers given the unprecedented currency adjustment and cheap valuations provided that Pakistan implement key economic and policy reforms.

The KSE-100 index continues to trade at exceedingly attractive multiples with PE and PB of 4.21x and 0.67x with a healthy dividend yield of 10.54%. Pakistan is witnessing perhaps one of the highest interest rate environments since independence with yields on government securities crossing 22%. Our pro-equity stance stems from the fact that the government in lieu with the newly appointed COAS have dedicated their tireless efforts towards combating corruption, hoarding of gold/dollars, banning of items under Afghan Transit Trade and have remarkably managed to control exchange devaluation and default risk till now. In the future, we may see inflation tipping off due to high base effect in 2HFY24 and expect monetary easing eventually. Looking ahead the caretaker's performance in stabilizing the currency and economy broadly while staying in line with the IMF Program is indeed encouraging and positioned the market for a likely re-rating.

FIXED INCOME REVIEW

During 1QFY24, the State Bank of Pakistan maintained the interest rate at decade high levels of 22% in response to un-abating inflationary pressures, with the average NCPI for 1QFY24 soaring to 29.04%, and the pressing need to fortify the country's deteriorating external account.

The heightened policy rate played a significant role in driving up the rates of government securities, attracting substantial investments into these instruments as investors sought improved returns offered by government debt securities.

During the quarter, the State Bank of Pakistan conducted a total of six (6) Market Treasury Bill (MTB) auctions, where the government managed to raise PKR 7.84 trillion against the auction target of PKR 8.70 trillion. Notably, the weighted average yields for 3, 6 and 12 month MTBs were 22.81%, 22.99% and 23.12%, respectively, up by 717 bps, 735 bps, and 736 bps compared to the same period last year.

To further address the need for liquidity, SBP also conducted three (3) auctions of fixed-rate Pakistan Investment Bond (PIB) and was successful in raising PKR 0.19 trillion. The weighted average yields for 3Y, 5Y and 10Y PIBs increased by 541 bps, 68 bps, whereas, the weighted average yield of 10Y PIB decreased by 8 bps, respectively, to stand at 19.33%, 13.98% and 12.99%.

In the market for Shariah Compliant instruments, the SBP conducted a total of five (5) auctions of GOP Ijara Sukuk, both Variable Rental Rate (VRR) and Fixed Rental Rate (FRR). These auctions successfully raised PKR 579.70 billion against the auction target of PKR 540.00 billion.

Moreover, the State Bank of Pakistan carried out 24 Open Market Operations (OMOs) with varying maturities, injecting PKR 10.85 trillion into the market at an average cut-off yield of 22.10% and mopped up PKR 4.38 trillion at an average cut-off yield of 21.99%.

Looking ahead to the auction target calendars for October through December 2023, the State Bank of Pakistan aims to raise PKR 7.91 trillion by issuing 3 to 12-month MTBs against the maturing amount of PKR 8.95 trillion. Additionally, the SBP targets to raise PKR 480 billion through 3 to 30-year fixed-rate PIBs and PKR 2,280 billion.

FUTURE OUTLOOK

As the Country paves its way through FY24, the caretaker government has introduced essential reforms that will help the economy get back on track to stability. Some of these steps include increase of gas tariffs to address the issue of burgeoning gas sector circular debt, privatize loss making SOEs such as PSM and PIA, and improve the governance in the power sector especially the DISCOs. Moreover, the Caretaker setup has also been making continuous efforts to bring Foreign Investments in different sectors of the economy under the forum of Special Investment Facilitation Centre (SIFC). We believe that all these structural changes and reforms are necessary to turn around the current economic state and back to a path of sustainable growth. While market consensus suggests foreseeably that the Central Bank has reached its monetary tightening cycle for now, both the fiscal and external accounts are likely to remain very challenging for the Government in the coming year. On the other hand, notably inflation is expected to come off sharply starting from 2HFY24 as the high base affect plays out, perhaps providing much needed respite in the form of a reduction in interest rates as debt servicing remains challenging .

We believe that the support from IMF under the new agreement has largely subsided the default risk that the country was adamantly facing and has also ensured inflows in the form of grants and aids from other bilateral and multilateral partners.

Pakistan's first IMF review under the new Standby Arrangement reached with the Fund in June 2023 scheduled in early November is likely to be one of the key drivers of the market direction ahead. Notably, the Government has carefully chalked out an economic revival plan and is envisaging massive fiscal consolidation to bring down its expenditures to record a primary balance surplus for the fiscal year 2024 for which the Government is contemplating a cut in the Public Sector Development Programme (PSDP) or imposing additional taxes. On the political front, developments regarding the holding of general elections in January 2024 will also be particularly eyed by market participants.

Lastly, we believe that the market continues to trade at attractive multiples with a PE of 4.41x while offering a healthy dividend yield of 11.28% as at September 28, 2023.

For and on behalf of the board

Imran Motiwala
Chief Executive Officer

Khalid Mehmood
Chairman

Karachi: October 31, 2023

FUND INFORMATION

AKD Opportunity Fund



Management Company

AKD Investment Management Limited
216-217, Continental Trade Centre,
Block 8, Clifton, Karach - 74000

Trustee

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block B, S.M.C.H.S.
Main Shahrah-e-Faisal
Karachi

Bankers

Askari Bank Limited
Bank Al Falah Limited
Bank Al Habib Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
United Bank Limited

Auditors

M/s Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8,
KCHSU Shahrah-e-Faisal,
Karachi-75350

Legal Advisor

Sattar & Sattar
Attorneys-at-Law
3rd Floor, UBL Building
I.I Chundrigar Road, Karachi.

Registrar

AKD Investment Management Limited
216-217, Continental Trade Centre,
Block 8, Clifton, Karach - 74000
UAN: 111-253-465 (111-AKDIML)

Distributor

Financial Investments Mart (Pvt) Ltd.
Investlink Advisor (Private) Limited.
Investomate (Private) Limited
ITMinds Limited.
YPay Financial Services (Pvt.) Ltd.

Rating-AKDOF

BY PACRA
Performance Ranking
LT Rating: 5-Star
ST Rating: 3-Star

FUND MANAGER'S REPORT

i) Description of the Collective Investment Scheme Category and types:

Open – end Equity Scheme

ii) Statement of Collective Investment Scheme's investment objective:

The investment objective of AKD Opportunity Fund (AKDOF) is to invest in the capital markets, searching for the optimal combination of investment strategies, mainly in equities, followed by fixed income and money market as contingent defensive strategy.

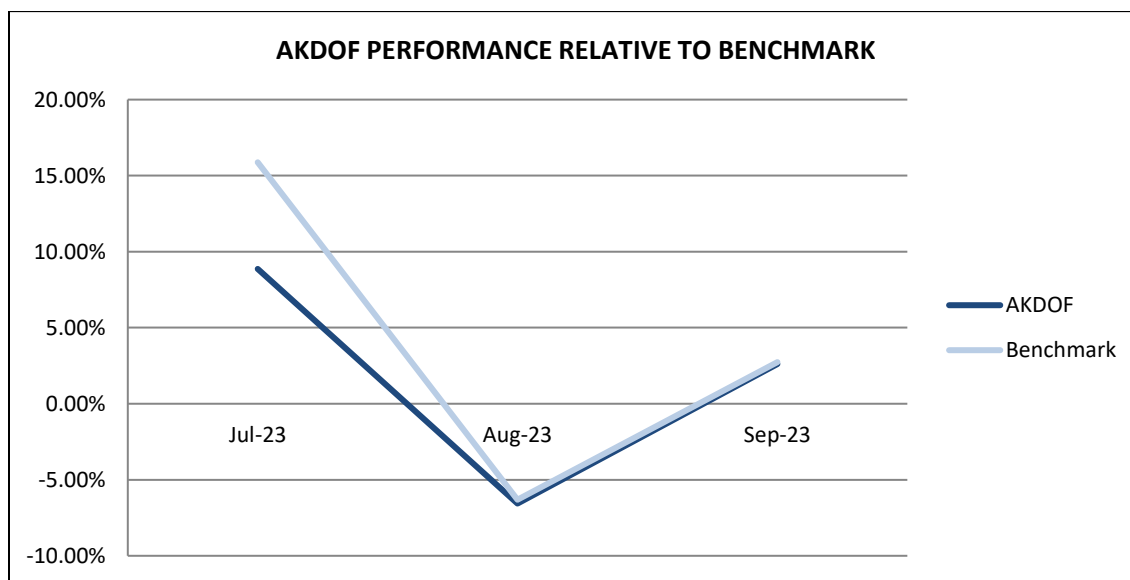
iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:

For the 1QFY24, the return of AKD Opportunity Fund stood at 4.38% compared to the benchmark KSE-100 Index return of 11.53%.

iv) Statement of benchmark (s) relevant to the Collective Investment Scheme:

KSE-100 Index.

v) Comparison of the Collective Investment Scheme's performance during the period compared with its said benchmark:



Monthly return	Jul-23	Aug-23	Sep-23
AKDOF	8.87%	-6.56%	2.61%
Benchmark	15.88%	-6.31%	2.73%

vi) **Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance:**

AKD Opportunity Fund is an Open – end Equity Scheme. The returns of the Fund are generated through investment in value stocks which have strong growth potential.

vii) **Disclosure of Collective Investment Scheme's asset allocation as the date of report and particulars of significant changes in asset allocation:**

Asset Allocation (% of Total Assets)	30-Sep-23	30-Jun-23
Equities	98.10%	97.23%
Cash	1.39%	0.93%
Other Assets including Receivables	0.51%	1.84%

viii) **Non-Compliant Investments:**

Name of Non Compliant Investment	Type of Investment	Value of Investment before Provision	Provision held if any	Value of Investment after Provision	Percentage of Net Assets	Percentage of Gross Assets
-----Rupees in '000-----						
Tata Textile Mills Ltd	Equity	70,885	Nil	70,885	12.16%	11.82%
TPL Insurance Ltd	Equity	62,348	Nil	62,348	10.69%	10.39%
Pakistan Stock Exchange Ltd	Equity	61,890	Nil	61,890	10.62%	10.32%
Ellcot Spinning Mills Ltd	Equity	60,001	Nil	60,001	10.29%	10.00%

ix) **Analysis of the Collective Investment Scheme's performance:**

1QFY24 Return	4.38%
Benchmark Return	11.53%

x) **Changes in the total NAV and NAV per unit since the last reviewed period:**

Net Asset Value			NAV Per Unit	
30-Sep-23	30-Jun-23	Change in Net Assets	30-Sep-23	30-Jun-23
(Rupees In "000")			Rs.	Rs.
583,023	581,548	0.25%	92.7256	88.8353

xi) **Disclosure on the markets that the Collective Investment Scheme has invested in including – review of the market (s) invested in and returns during the period:**

MACRO PERSPECTIVE

The year FY24 brought fresh tides of hope for Pakistan as the economy stepped on the path to recovery. Pakistan saw a major decline in imports as high inflation coupled with record interest rates led to demand compression coupled with progressive efforts like restoring the balance to the exchange rate via stopping illegal channels. On the monetary front, SBP kept the policy rate status quo reaffirming market consensus that the monetary tightening cycle had perhaps come to an end, while relaying optimism of monetary easing during 2HFY24 on the back of high base effect and average inflation peaking at 29% levels. Pakistan is also likely to receive the remaining two tranches in line with the IMF Stand-by Agreement following key measures undertaken as required under the said Program. In addition, Reportedly, Pakistan is also scheduled to hold National Elections in January 2024 which will fill the void created by political uncertainty over the past couple of years, ensuring much needed political clarity.

The Current Account Deficit for the month of September 2023 clocked in at USD 8 million, from a Current Account Deficit of USD 164 million (*revised*) in August 2023 taking the 1QFY24 CAD to USD 0.95 billion against USD 2.26 billion, down -58% YoY during the same period last year primarily due to a decline in imports.

The total Imports witnessed a hefty decline of -19% YoY from USD 18.38 billion to USD 14.86 billion during 3MFY24 whereas the total exports also declined by -4% YoY from USD 8.73 billion to USD 9.10 billion. Furthermore, foreign workers continued to support the external account which also declined -20% YoY from USD 7.90 billion to USD 6.33 billion. The decline is achieved mostly due to the import restrictions that were placed during most of the year.

The SBP in its Monetary Policy Committee on October 30, 2023, decided to keep the policy rate unchanged at 22% which was in line with the market consensus. The SBP premised their decision based on the forward looking inflation projections and the already on-going declining inflationary trend from 29%>28%>27% in the months June>July>August considering September's 31% as an outlier. Moreover, the SBP believes that despite global oil prices soaring recently, its impact will in principle be passed onto the consumers through subsequent price increases, while inflation is like to remain overall on a downward trajectory from 2HFY24. Additionally, the expected ease in supply constraints owing to better agriculture output and the recent administrative measures against speculative activity in the FX and commodity markets would also support the inflation outlook.

The SBP's medium term target for inflation is 5-7% by FY25. The next MPC meeting is due to be held on December 12, 2023, where we expect the interest rates to remain unchanged despite early expectations of rate cuts. The change in our stance from declining interest rates to holding the interest rates at record high levels of 22% is that the incumbent government continues facing economic headwinds despite improvement in CAD and FX reserves.

The Government's resilient efforts to attract investments from Non-Resident Pakistanis continued to yield results, with an impressive inflow of USD 6.76 billion through Roshan Digital Accounts (RDA) with more than 610,000 accounts till September 2023.

Moreover, the FBR collected revenues worth PKR 2.04 trillion during 1QFY24 against the target of 1.98 trillion during same period last year exceeding the target by PKR 63 billion. Moreover, FBR also achieved the target for the month of September 2023 by collecting PKR 834 billion (*PKR 688 billion SPLY*) against a target of PKR 794 billion.

As per the SBP Country-wise Remittances data for FY24, Pakistan has received remittances of USD 767 million from USA, USD 947 million from UK, USD 1,516 million from KSA and USD 1,024 million from UAE. The SBP reserves currently stands at USD 7.49 billion (*total liquid FX reserves USD 12.66 billion*) as at October 20, 2023 representing an import cover of mere 7 weeks.

The NCPI during the month of September 2023 clocked in at 31.44% YoY as compared to 27.38% YoY in July 2023 and 23.18% in September 2022. This took the 3MFY24 average NCPI to 29.04% compared to 25.11% during the SPLY.

The Large Scale Manufacturing (*LSMI*) sector, which accounts for about 80% of the country's industrial output, increased by 2.52% YoY in August 2023 compared to same period last year after 13 months of consecutive decline as a result of expensive raw material costs in the light of currency devaluation, high interest rates, and global recession.

EQUITY MARKET REVIEW

The Equity market witnessed an aggressive come back during 1QFY24 closing in at 46,232.59 level, gaining 4,779.90 points (*11.53% YoY*). During the quarter, investors celebrated improving macros with an appreciating currency while withering hard but necessary steps taken by the caretaker setup to ensure sustainability for the country. In addition, the market also celebrated the unchanged interest rate stance of the SBP which is signaling the end of the tightening era.

During 1QFY24, investor participation improved as volumes increased by 29% YoY to 280 million shares from 217 million shares recorded during last year. Surprisingly, after five years of outflows from FY18 to FY22, foreigners were net buyers in FY23 with USD 1.53 million and another massive USD 22 million was attracted in 1QFY24. Foreigner's interest was majorly caught in Commercial Banks (*USD 16 million*) and Technology and Communication (*USD 8 million*).

The sectors that performed during 1QFY24 are Commercial Banks (*19.58%*), Oil & Gas Exploration Companies (*15.10%*), Chemical (*11.21%*), Power Generation & Distribution (*17.10%*), and Food & Personal Care Products (*4.11%*). While the sectors that kept the bulls in check are Fertilizer (*-7.61%*), Synthetic & Rayon (*-5.30%*), Pharmaceuticals (*-2.08%*), Modarabas (*-15.41%*), Paper & Board (*-4.23%*) as panic swayed away local investors to safer havens and fixed income given that interest rates are almost at record highs.

On a 10Y period, the KSE - 100 index yielded an annualized return of 7.79% (*-2.48% annualized in USD terms*). The persistent decline in the local currency against the US Dollar has kept foreign investors at bay despite extremely compelling valuations. While foreigners have been on the sell side for several

years now; frontier market investors are likely to turn net buyers given the unprecedented currency adjustment and cheap valuations provided that Pakistan implement key economic and policy reforms.

The KSE-100 index continues to trade at exceedingly attractive multiples with PE and PB of 4.21x and 0.67x with a healthy dividend yield of 10.54%. Pakistan is witnessing perhaps one of the highest interest rate environments since independence with yields on government securities crossing 22%. Our pro-equity stance stems from the fact that the government in lieu with the newly appointed COAS have dedicated their tireless efforts towards combating corruption, hoarding of gold/dollars, banning of items under Afghan Transit Trade and have remarkably managed to control exchange devaluation and default risk till now. In the future, we may see inflation tipping off due to high base effect in 2HFY24 and expect monetary easing eventually. Looking ahead the caretaker's performance in stabilizing the currency and economy broadly while staying in line with the IMF Program is indeed encouraging and positioned the market for a likely re-rating.

FUTURE OUTLOOK

As the Country paves its way through FY24, the caretaker government has introduced essential reforms that will help the economy get back on track to stability. Some of these steps include increase of gas tariffs to address the issue of burgeoning gas sector circular debt, privatize loss making SOEs such as PSM and PIA, and improve the governance in the power sector especially the DISCOs. Moreover, the Caretaker setup has also been making continuous efforts to bring Foreign Investments in different sectors of the economy under the forum of Special Investment Facilitation Centre (SIFC). We believe that all these structural changes and reforms are necessary to turn around the current economic state and back to a path of sustainable growth. While market consensus suggests foreseeably that the Central Bank has reached its monetary tightening cycle for now, both the fiscal and external accounts are likely to remain very challenging for the Government in the coming year. On the other hand, notably inflation is expected to come off sharply starting from 2HFY24 as the high base affect plays out, perhaps providing much needed respite in the form of a reduction in interest rates as debt servicing remains challenging .

We believe that the support from IMF under the new agreement has largely subsided the default risk that the country was adamantly facing and has also ensured inflows in the form of grants and aids from other bilateral and multilateral partners.

Pakistan's first IMF review under the new Standby Arrangement reached with the Fund in June 2023 scheduled in early November is likely to be one of the key drivers of the market direction ahead. Notably, the Government has carefully chalked out an economic revival plan and is envisaging massive fiscal consolidation to bring down its expenditures to record a primary balance surplus for the fiscal year 2024 for which the Government is contemplating a cut in the Public Sector Development Programme (*PSDP*) or imposing additional taxes. On the political front, developments regarding the holding of general elections in January 2024 will also be particularly eyed by market participants.

Lastly, we believe that the market continues to trade at attractive multiples with a PE of 4.41x while offering a healthy dividend yield of 11.28% as at September 28, 2023.

- xii) **Description and explanation of any significant changes in the state of the affairs of the Collective Investment Scheme during the period and up till the date of Fund Manager's report, not otherwise disclosed in the financial statements:**

There were no significant changes in the state of affairs during the period and up till the date of Fund Manager's report under review.

- xiii) **Disclosure of any split (if any), comprising:**

There were no unit splits during the period.

- xiv) **Break down of unit holding size:**

Range(Units)	No of Investors
0.0001 to 9,999	999
10,000 to 49,999	67
50,000 - 99,999	11
100,000 - 499,999	9
500,000 and above	2
Total	1,088

- xv) **Disclosure of circumstances that materially affect any interests of unit holders:**

Investments are subject to credit and market risk.

- xvi) **Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker (s) or dealers by virtue of transaction conducted by the Collective Investment Scheme:**

No soft commission has been received by the AMC from its broker or dealer by virtue of transactions conducted by the Collective Investment Scheme.

AKD Opportunity Fund
Condensed Interim Statement of Assets and Liabilities
As at September 30, 2023

		(Un-Audited) 30 September 2023	(Audited) 30 June 2023
	Note	(Rupees in '000)	
Assets			
Bank balances	5	8,337	5,551
Investments	6	588,493	583,367
Deposits, Prepayments and other receivables	7	2,963	2,941
Dividend and profit receivable on bank deposits		98	86
Receivable against sale of Investment		-	8,035
Total Assets		599,891	599,980
Liabilities			
Payable to AKD Investment Management Limited - Management Company	8	11,470	11,657
Payable to Central Depository Company of Pakistan Limited - Trustee	9	113	135
Payable to Securities and Exchange Commission of Pakistan	10	46	216
Dividend Payable		3,370	3,370
Accrued expenses and other liabilities	11	1,869	3,055
Total Liabilities		16,868	18,433
Contingencies and Commitments	13		
Net Assets		583,023	581,547
Unit holders' fund (as per statement attached)		583,023	581,547
		(Number of Units)	
Number of units in issue		6,287,619	6,546,355
		(Rupees)	
Net assets value per unit		92.7256	88.8352

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For AKD Investment Management Limited
(Management Company)

Chief Executive Officer

Director

Chief Financial Officer

AKD Opportunity Fund
Condensed Interim Income Statement (Un-Audited)
For the Quarter ended September 30, 2023

	2023	2022
	(Rupees in '000)	
Income	Note	
Gain / (loss) on sale of investments - net		15,399
Dividend income		24,008
Profit/markup on:		
- bank balances		387
	19,661	39,794
Other Income (Reversal of Provision against Sindh Workers' Welfare Fund)	-	-
Unrealized appreciation / (diminution) in the fair value of investments 'at fair value through profit or loss - net		5,301
	12,001	
	31,662	45,095
Expenses		
Remuneration of AKD Investment Management Limited - Management Company	3,064	6,707
Sindh Sales tax on remuneration of Management Company	398	872
Remuneration of Central Depository Company of Pakistan Limited - Trustee	307	587
Sindh Sales tax on remuneration of Trustee	40	76
Annual fee to the Securities and Exchange Commission of Pakistan	146	67
Expenses allocated by Management Company	919	1,677
Securities transaction cost	105	793
Auditors' remuneration	87	88
Settlement and bank charges	76	20
Fee and subscription	138	170
Legal and professional charges	62	108
	5,342	11,165
Net Gain / (loss) from operating activities	26,320	33,930
Taxation	14	-
Net Gain / (loss) for the period after taxation	26,320	33,930
Allocation of net income for the period:		
Net income for the period after taxation	26,320	33,930
Income already paid on units redeemed	-	(139)
	26,320	33,791
Accounting income available for distribution		
-Relating to Capital gains	18,689	20,700
-Excluding Capital gains	7,631	13,091
	26,320	33,791

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For AKD Investment Management Limited
(Management Company)

Chief Executive Officer

Director

Chief Financial Officer

AKD Opportunity Fund
Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the Quarter ended September 30, 2023

	2023	2022
	(Rupees in '000)	
Net Gain / (loss) for the period after taxation	26,320	33,930
Other comprehensive income for the period	-	-
Total comprehensive loss for the period	<u>26,320</u>	<u>33,930</u>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For AKD Investment Management Limited
(Management Company)

Chief Executive Officer

Director

Chief Financial Officer

AKD Opportunity Fund
Condensed Interim Statement of Movement In Unit Holders' Fund (Un-Audited)
For the Quarter ended September 30, 2023

	2023			2022		
	------(Rupees in '000)-----					
	Capital value	Undistributed income	Net assets	Capital value	Undistributed income	Net assets
Net assets at beginning of the period	(54,210)	635,757	581,547	623,079	735,113	1,358,192
Issue of 211,118 units (2022: 787,616 units)						
- Capital value (at net asset value per unit at the beginning of the year)	18,755	-	18,755	79,537	-	79,537
- Element of income	1,124	-	1,124	752	-	752
Total proceeds on issuance of units	19,879	-	19,879	80,289	-	80,289
Redemption of 469,854 units (2022: 1,605,436 units)						
- Capital value (at net asset value per unit at the beginning of the year)	41,740	-	41,740	162,124	-	162,124
- Element of income	2,983	-	2,983	503	139	642
Total payments on redemption of units	44,723	-	44,723	162,627	139	162,766
Total comprehensive income / (loss) for the period	-	26,320	26,320	-	33,930	33,930
Distribution during the period	-	-	-	-	-	-
Refund of Capital	-	-	-	-	-	-
Net income / (loss) for the period less distribution	-	26,320	26,320	-	33,930	33,930
Net assets at end of the period	(79,054)	662,077	583,023	540,741	768,904	1,309,645
Undistributed income brought forward						
- Realised income		801,638			1,378,318	
- Unrealised income		(165,881)			(643,205)	
		635,757			735,113	
Accounting income available for distribution						
- Relating to capital gains		18,689			20,700	
- Excluding capital gains		7,631			13,091	
		26,320			33,791	
Distribution during the period		-			-	
Undistributed gain carried forward		662,077			768,904	
Undistributed gain carried forward						
- Realised income		650,076			763,603	
- Unrealised income / (loss)		12,001			5,301	
		662,077			768,904	
Net assets value per unit at beginning of the period			(Rupees) 88.8352			(Rupees) 100.9845
Net assets value per unit at end of the period			92.7256			103.6793

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For AKD Investment Management Limited

(Management Company)

Chief Executive Officer

Director

Chief Financial Officer

AKD Opportunity Fund
Condensed Interim Cash Flow Statement (Un-Audited)
For the Quarter ended September 30, 2023

	2023	2022
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net gain / (loss) for the period after taxation	26,320	33,930
Adjustments for non cash items:		
Unrealized (appreciation) / diminution in the fair value of investments 'at fair value through profit or loss - net	<u>(12,001)</u>	<u>(5,301)</u>
	14,319	28,629
Decrease / (increase) in assets		
Investments	6,875	49,912
Receivable against sale of securities	8,035	-
Deposits, Prepayments and other receivables	(22)	(37)
Dividend and profit receivable on bank deposits	(12)	(1,228)
	14,876	48,647
(Decrease) / increase in liabilities		
Payable to AKD Investment Management Limited - Management Company	(187)	48
Payable to Central Depository Company of Pakistan Limited - Trustee	(22)	10
Payable to Securities and Exchange Commission of Pakistan	(170)	(383)
Payable against purchase of securities	-	(2,426)
Amount payable on redemption of units	-	7,969
Accrued expenses and other liabilities	(1,186)	1,489
	<u>(1,565)</u>	<u>6,707</u>
Net cash flow generated from operating activities	27,630	83,983
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received on issue of units	19,879	80,289
Cash paid on redemption of units	(44,723)	(162,766)
Net cash flow used in financing activities	(24,844)	(82,477)
Net increase / (decrease) in cash and cash equivalents during the period	2,786	1,506
Cash and cash equivalents at beginning of the period	5,551	13,135
Cash and cash equivalents at end of the period	8,337	14,641

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For AKD Investment Management Limited
(Management Company)

Chief Executive Officer

Director

Chief Financial Officer

AKD Opportunity Fund

Notes to the Condensed Interim Financial Statements (Un-Audited)

For the Quarter ended September 30, 2023

1 LEGAL STATUS AND NATURE OF BUSINESS

AKD Opportunity Fund (the Fund) was established under Trust deed, dated December 19, 2005 executed between AKD Investment Management Limited as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Trust Deed was executed and was approved by the Securities and Exchange Commission of Pakistan (SECP) on December 7, 2005 in accordance with the requirements of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) as an open-ended mutual fund. The Fund commenced its operations from April 01, 2006.

The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules and has obtained a requisite license from SECP to undertake Asset Management services. The registered office of the Management Company is situated at 216-217 , Continental Trade Centre, Block-8, Clifton, Karachi, in the province of Sindh.

The Fund is an open ended Collective Investment Scheme and offers units for public subscription on a continuous basis. The units are transferrable and can also be redeemed by surrendering to the Fund. The Fund is listed on Pakistan Stock Exchange Limited.

The Fund is categorised as Equity Scheme as per circular 7 of 2009 by SECP. The principal activity of the Fund is to make investments in listed securities and deposits with banks.

The title to the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited as Trustee of the Fund.

The Management Company has been assigned a quality rating of "AM3++" by the Pakistan Credit Rating Agency Limited (PACRA) on June 27, 2023. The Fund has been given performance ranking of '4-Star' / '3-Star' in Long Term / Short Term by PACRA on August 15, 2023.

The Fund has registered on August 23, 2021 with Assistant Director of Industries and Commerce (Trust Wing) Government of Sindh under Section 12 of the Sindh Trusts Act, 2020.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIII A of the repealed Companies ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

- 2.2 These condensed interim financial information does not include all the information required for a complete set of annual financial statements and should be read in conjunction with the latest annual financial statements as at and for the year ended 30 June 2023.
- 2.3 This condensed interim financial information is being submitted to the unitholders as required under Regulation 38 2(f)V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and are unaudited.

3. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

The accounting policies and methods of computation followed for the preparation of this condensed interim financial information are the same as those applied in preparing the financial statements as at and for the year ended 30 June 2023.

In preparing this condensed interim financial information, Management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by Management in applying the Fund's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 30 June 2023.

4 FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended 30 June 2023.

		(Un-audited) September 30 2023	(Audited) June 30 2023
		(Rupees in '000)	
5	BANK BALANCES		
	Savings accounts	5.1 8,117	5,219
	Current accounts	<u>220</u>	<u>332</u>
		<u>8,337</u>	<u>5,551</u>

- 5.1 These represents saving accounts maintained with various banks carrying profit at the rate ranging from 20.50% (30 June 2023: 19.5%) per annum.

6 INVESTMENTS

Investments in securities at fair value through profit or loss

Listed equity securities	6.1	<u>588,493</u>	<u>583,367</u>
--------------------------	-----	-----------------------	-----------------------

Listed Equity Securities

Sector / Company	Face value per share	As at July 01, 2023	Purchases during the year	Bonus / Right issue	Sales / converted during the year	As at September 30, 2023	Balance as at September 30, 2023			Market value as percentage of investments	Market value as percentage of net assets	Percentage of paid up capital of the investee company held
							Carrying cost	Market value	Appreciation / (diminution)			
	(Rupees)	Number of shares					(Rupees in '000)			(%)		
Fully paid ordinary shares												
Automobile Parts & Accessories												
Thal Limited	5	2,900	-	-	2,900	-	-	-	-	-	-	-
Cable & Electrical Goods												
Pakistan Cables Limited	10	2,651	-	-	-	2,651	220	226	6	0.04	0.04	0.01
Commercial Banks												
Askari Bank Limited	10	-	250,000	-	250,000	-	-	-	-	-	-	-
Bank Alfalah Limited	10	-	65,000	-	65,000	-	-	-	-	-	-	-
Samba Bank Limited	10	200,000	-	-	-	200,000	1,564	1,800	236	0.31	0.31	0.02
							1,564	1,800	236			
Fertilizer												
Fauji Fertilizer Bin Qasim	10	-	100,000	-	-	100,000	1,380	1,374	(6)	0.23	0.24	
Food & Personal Care Products												
Al Shaheer Corporation Limited	10	6,700,000	-	-	1,600,000	5,100,000	36,873	52,530	15,657	8.93	9.01	1.36
Quice Food Industries Limited	10	1,230,500	-	-	-	1,230,500	4,307	5,020	713	0.85	0.86	1.25
							41,180	57,550	16,370			
Insurance												
EFU General Insurance Limited	10	300,000	-	-	-	300,000	25,800	25,938	138	4.41	4.45	0.15
TPL Insurance Limited (6.1.3)	10	3,593,560	-	-	-	3,593,560	74,423	62,348	(12,075)	10.59	10.69	1.81
Askari General Insurance Company Limited	10	777,533	-	-	-	777,533	11,274	11,080	(194)	1.88	1.90	1.08
Pakistan Reinsurance Company Limited	10	717,000	-	-	-	717,000	4,531	4,273	(258)	0.73	0.73	0.08
							116,028	103,639	(12,389)			
Investment Banks / Investment Companies / Securities Companies												
Jahangir Siddiqui Company Limited class A preference shares	10	978,200	-	-	-	978,200	6,358	6,847	489	1.16	1.17	0.53
Jahangir Siddiqui Company Limited	10	3,945,500	-	-	-	3,945,500	37,482	48,648	11,166	8.27	8.34	0.43
Imperial Limited	10	486,500	-	-	-	486,500	5,551	6,203	652	1.05	1.06	0.49
Pakistan Stock Exchange Limited	10	7,844,121	-	-	-	7,844,121	58,046	61,890	3,844	10.52	10.62	0.98
JS Investments Limited	10	3,220,000	-	-	-	3,220,000	44,114	45,080	966	7.66	7.73	5.21
							151,551	168,668	17,117			

Sector / Company	Face value per share	As at July 01, 2023	Purchases during the year	Bonus / Right issue	Sales / converted during the year	As at September 30, 2023	Balance as at September 30, 2023			Market value as percentage of investments	Market value as percentage of net assets	Percentage of paid up capital of the investee company held
							Carrying cost	Market value	Appreciation / (diminution)			
	(Rupees)	----- Number of shares -----					----- (Rupees in '000) -----			----- (%) -----		
Miscellaneous												
Pakistan Aluminium Beverage Cans Limited	10	-	100,000	-	-	100,000	5,026	4,950	(76)	0.84	0.85	0.03
Pakistan Services Limited	10	100	-	-	-	100	78	70	(8)	0.01	0.01	-
							<u>5,104</u>	<u>5,020</u>	<u>(84)</u>			
Paper & Board												
Pakistan Paper Products Limited	10	114,000	-	-	-	114,000	<u>4,332</u>	<u>5,813</u>	<u>1,481</u>	0.99	1.00	1.43
Power Generation & Distribution												
Hub Power Company Limited	10	-	58,000	-	-	58,000	5,079	5,123	44	0.87	0.88	-
K-Electric Limited	3.5	550,000	-	-	-	550,000	946	1,078	132	0.18	0.18	-
Japan Power Generation Limited (6.1.2)	10	4,261,500	-	-	-	4,261,500	-	-	-	-	-	-
Lalpir Power Limited	10	117,500	-	-	117,500	-	-	-	-	-	-	-
							<u>6,025</u>	<u>6,201</u>	<u>176</u>			
Refinery												
Cnergycio PK Limited (6.1.1)	10	8,500,000	-	-	-	8,500,000	24,140	25,840	1,700	4.39	4.43	0.15
							<u>24,140</u>	<u>25,840</u>	<u>1,700</u>			
Sugar & Allied Industries												
Chasma Sugar Mills Limited	10	7,000	-	-	-	7,000	389	398	9	0.07	0.07	0.02
Tariq Corporation Mills Limited	10	14,437	-	-	-	14,437	175	179	4	0.03	0.03	0.03
Tariq Corporation Mills Limited (Preference Shares)	10	3,937	-	-	-	3,937	37	37	-	0.01	0.01	0.03
The Premier Sugar Mills Limited	10	6,200	-	-	-	6,200	3,689	3,495	(194)	0.59	0.60	0.17
							<u>4,290</u>	<u>4,109</u>	<u>(181)</u>			
Synthetic & Rayon												
Pakistan Synthetics Limited	10	1,155,600	-	-	2,000	1,153,600	<u>32,924</u>	<u>27,986</u>	<u>(4,938)</u>	4.76	4.80	0.83
			-	-	-							

Sector / Company	Face value per share	As at July 01, 2023	Purchases during the year	Bonus / Right issue	Sales / converted during the year	As at September 30, 2023	Balance as at September 30, 2023			Market value as percentage of investments	Market value as percentage of net assets	Percentage of paid up capital of the investee company held
							Carrying cost	Market value	Appreciation / (diminution)			
	(Rupees)	----- Number of shares -----					----- (Rupees in '000) -----			----- (%) -----		
Technology & Communication												
Hum Network Limited	1	559,800	-	-	-	559,800	3,269	3,079	(190)	0.52	0.53	0.05
TPL Trakker Limited	10	1,667,000	-	-	-	1,667,000	14,736	13,236	(1,500)	2.25	2.27	0.89
							18,005	16,315	(1,690)			
Textile Composite												
Fazal Cloth Mills Limited	10	600	-	-	-	600	100	81	(19)	0.01	0.01	-
Masood Textile Mills Limited	10	1,000	-	-	-	1,000	46	42	(4)	0.01	0.01	-
							146	123	(23)			
Textile Spinning												
Ellicot Spinning Mills Limited (6.1.3)	10	673,038	-	-	-	673,038	62,781	60,001	(2,780)	10.20	10.29	6.15
Tata Textile Mills Limited (6.1.3)	10	1,090,538	-	-	-	1,090,538	72,477	70,885	(1,592)	12.05	12.16	1.95
Colony Textile Mills Limited	10	400,000	-	-	-	400,000	760	808	48	0.14	0.14	0.08
Crescent Fibres Limited	10	35,500	-	-	-	35,500	1,468	1,578	110	0.27	0.27	0.29
Premium Textile Mills Limited	10	10,000	-	-	-	10,000	4,855	3,603	(1,252)	0.61	0.62	0.16
Saif Textile Mills Limited	10	141,000	-	-	-	141,000	1,304	1,184	(120)	0.20	0.20	0.53
							143,645	138,059	(5,586)			
Vanaspati & Allied Industries												
Punjab Oil Mills Limited	10	288,000	20,000	-	65,000	243,000	24,776	24,643	(133)	4.19	4.23	3.13
S.S Oil Mills Limited	10	13,400	-	-	-	13,400	1,183	1,126	(57)	0.19	0.19	0.24
							25,959	25,769	(190)			
Total investment as at September 30, 2023							576,492	588,493	12,001			
Total investment as at June 30, 2023							749,247	583,367	(165,881)			

6.1.1 This includes 8,500,000 shares pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against margin.

6.1.2 Japan Power Generation Limited has been delisted on January 2, 2023

6.1.3 These investments held by the fund exceeded the maximum limit prescribed by the regulation 55, Schedule XIX of the NBFC Regulations. The said regulation states that exposure to equity securities of a company shall not exceed ten percent of the issued capital of that company;

7	DEPOSITS PREPAYMENTS AND OTHER RECEIVABLES	Note	(Un-audited)	(Audited)
			September 30 2023	June 30 2023
(Rupees in '000)				
	Security deposits with			
	- National Clearing Company of Pakistan Limited		2,500	2,500
	- Central Depository Company of Pakistan Limited		100	100
	Advance tax - Dividend		141	141
	Advance tax - Bank profit		200	200
	Prepaid PSX Listing fee		22	-
			2,963	2,941

8 PAYABLE TO AKD INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY

	Management fee	8.1	960	1,092
	Sindh Sales Tax on management fee	8.2	125	142
	Federal Excise Duty on management fee	8.3	10,092	10,092
	Expenses allocated by the management company	8.4	288	328
	Sales Load Payable		5	3
			11,470	11,657

8.1 The Management Company charged remuneration at the rate of 2 % per annum of the average net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.

8.2 Sindh Sales Tax at the rate of 13% (June 30, 2023: 13%) on gross value of management fee under the provisions of Sindh Sales Tax on Services Act, 2011.

8.3 As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% (2021: 16%) on the remuneration of the Management Company was applied with effect from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law. The matter was collectively taken up by the Management Company jointly with other Asset Management Companies and Trustees of respective Collective Investment Schemes (CISs), through a Constitutional Petition filed in the Sindh High Court (SHC) during September 2013. In this respect, the SHC had issued a stay order against the recovery of FED due to which the Fund has not made any payments for FED since June 13, 2013.

On June 30, 2016, the Sindh High Court had passed a judgment that after 18th amendment in the Constitution of Pakistan, the Provinces alone have the legislative power to levy a tax on rendering or providing services, therefore, chargeability and collection of FED after July 01, 2011 is ultra vires to the Constitution of Pakistan. On September 23, 2016, the Federal Board of Revenue (FBR) filed an appeal in the Supreme Court of Pakistan (SCP) against above judgement, which is pending adjudication. Management Company, as a matter of abundant caution, has maintained full provision for FED aggregating to Rs. 10.092 million (2023: Rs. 10.092 million) until the matter is resolved. Had the provision not been retained, the net asset value per unit of the Fund as at September 30, 2023 would have been higher by 1.6051 per unit (2023: Re. 1.5416 per unit).

Through Finance Act, 2016, FED on services rendered by Non-Banking Financial Institutions (NBFIs) including Asset Management Companies, which are already subject to provincial sales tax, has been withdrawn.

Therefore, provision for FED has not been recorded in these financial statements from July 01, 2016 onwards.

8.4 The Management Company has charged expenses at the rate of 0.60% (June 30, 2023: 0.60%) per annum of the average annual net assets of the Fund.

		(Un-audited) September 30 2023	(Audited) June 30 2023
9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		
	Trustee fee	9.1 96	109
	CDS Charges payable		10
	Sindh Sales Tax	9.2 13	16
		<u>113</u>	<u>135</u>

9.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets of the Fund. The fee is paid to the Trustee monthly in arrears.

The tariff structure applicable to the fund is as follows:

Net assets upto 1 billion

Rs.0.20% per annum of the average net assets of the Fund.

Net assets exceeding 1 billion

Rs. 2 million plus 0.10% per annum of the daily average net assets of the Fund exceeding Rs. 1 billion

9.2 Sindh sales tax at the rate of 13% (June 30, 2023: 13%) on gross value of trustee fee under the provisions of Sindh Sales Tax on Services Act, 2011.

**10 ANNUAL FEE TO THE SECURITIES AND EXCHANGE
COMMISSION OF PAKISTAN (SECP)**

Annual Fee SECP	10.1	<u>46</u>	<u>216</u>
------------------------	------	-----------	------------

10.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, all Collective Investment Schemes are required to pay monthly fee, to the Securities and Exchange Commission of Pakistan, an amount equal to 0.095% (2023: 0.02%) of the average annual net assets of the scheme.

11 ACCRUED EXPENSES AND OTHER LIABILITIES

Brokerage payable	641	1,442
Auditors remuneration	370	283
Printing charges payable	-	150
Withholding tax payable	74	72
NCCPL fee payable	28	36
Payable against redemption/conversion of units	10	1,061
Others	746	10
	<u>1,869</u>	<u>3,054</u>

12 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at September 30, 2023 is 0.88% (Sept 30, 2022: 0.84%) which includes 0.10% (Sept. 30, 2022: 0.08%) representing government levies on the Fund such as sales taxes, annual fee payable to the SECP, etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations.

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at September 30, 2023 and June 30, 2023.

14 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed to the unit holders in cash. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Management Company has intends to distribute cash dividend of at least 90% of the aforementioned accounting income to the unit holders. Accordingly, no provision for taxation has been recognised in these financial statements.

15 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Related parties / connected persons of the Fund include the Management Company, other collective investment schemes managed by the Management Company, the Trustee, AKD Group Holding Private Limited (Formerly: Aqeel Karim Dhedhi Securities Limited), AKD Securities Limited, directors, officers, key management personnel, other associated undertakings and unit holders holding more than 10% units of the Fund.

The transactions with connected persons / related parties are in the normal course of business and are carried out on agreed terms at contracted rates.

Details of transactions and balances at period end with related parties / connected persons, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	(Un-audited) September 30 2023	(Audited) June 30 2023
15.1 Details of balances with connected persons / related parties as at period / year end	2023	2023
	(Rupees in '000)	
AKD Investment Management Limited - Management Company		
Remuneration payable	960	1,092
Sindh Sales Tax on Management remuneration	125	142
Federal Excise Duty payable on Management	10,092	10,092
Allocated expenses by the Management Company	288	328
Sales load payable	5	3
Units outstanding : 21,548 (June 30, 2023: 21,548)	1,998	1,914
Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration payable	96	109
Sales tax on trustee remuneration payable & CDS	13	16
Security deposit	100	100
CDS charges payable	4	10
Payable against Conversion of units - AKD Funds		
Payable against Conversion of units - AKD Cash Fund		471
Payable against Conversion of units - AKD Islamic Income Fund	10	-
AKD Group Holdings (Private) Limited - Staff Provident Fund		
Units outstanding : 90,428 (June 30, 2023: 90,428)	8,385	8,033

	(Un-audited) September 30 2023	(Audited) June 30 2023
	(Rupees in '000)	
Ms. Ayesha Aqeel Dhedhi Close relative of Mr. Aqeel Karim Dhedhi Units outstanding : 61 (June 30, 2023: 61)	5	5
Ms. Afsheen Aqeel Dhedhi Close relative of Mr. Aqeel Karim Dhedhi Units outstanding : 61 (June 30, 2023: Nil)	6	-
Mr. Muhammad Farid Alam Chief Executive of AKD Securities Limited Units outstanding : Nil (June 30, 2023: 5,787)	-	514
Mr. Toqir Hussain Key Management Personal Units outstanding : 65 (June 30, 2023: 65)	6	6
Mr. Ubaid ur Rehman Key Management Personal Units outstanding : 72 (June 30, 2023: 72)	7	6
Mr. Murtaza Wahab Siddiqui Spouse of the Director of the Management Company Units outstanding : 36,068 (June 30, 2023: 36,068)	3,344	3,204
Mr. Ali Wahab Siddiqui Director of the Management Company Units outstanding : 1,829 (June 30, 2023: 1,829)	170	162
AKD Securities Limited - Brokerage House Brokerage payable on purchase and sale of marketable securities	565	587
Ellcot Spinning Mills Limited - Common Directorship Shares held 673,038 (June 30 2023: 673,038)	60,001	62,781
TPL Insurance Ltd Units outstanding: 819,092 (June 30, 2023: 819,092)	75,951	72,764

15.2 Details of transactions with connected persons / related parties during the period

**(Unaudited)
Period ended September 30,**

	2023	2022
	(Rupees in '000)	
AKD Investment Management Limited		
- Management Company of the Fund		
Remuneration for the period	3,064	6,707
Sindh Sales tax on Management Company's remuneration	398	872
Allocated expense by the Management Company	919	1,677
Sales load	2	8
Central Depository Company of Pakistan Limited -		
Trustee of the Fund		
Remuneration for the period	307	587
CDS charges for the period	5	16
Sales tax on Trustee remuneration and CDS Charges	41	78
Mr. Imran Motiwala		
The Chief Executive Officer of the Management Company		
Units Redeemed : Nil (2022: 36,602)	-	3,710
Mr. Muhammad Farid Alam		
Chief Executive of AKD Securities Limited		
Units Redeemed : 5,787 (2022: Nil)	532	-
AKD Securities Limited - Brokerage House		
Comission on purchase and sale of marketable securities	-	1
Golden Arrow Stock Fund - Common Management		
Shares purchased by AKD Opportunity Fund to Golden Arrow Stock Fund	5,079	21,200
AKD Islamic Stock Fund - Common Management		
Shares Sold by AKD Opportunity Fund to AKD Islamic Stock Fund	608	-
Shares Sold by AKD Opportunity Fund to AKD Islamic Stock Fund	3,540	-
Shares Sold by AKD Opportunity Fund to AKD Islamic Stock Fund	4,060	-
Shares purchased by AKD Opportunity Fund from AKD Islamic Stock Fund	1,380	-
Shares purchased by AKD Opportunity Fund from AKD Islamic Stock Fund	2,101	-
Ellcot Spinning Mills Limited - Common Directorship		
Shares purchased Qty: Nil (2022: Qty: 6,200)	-	941

16 FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the close of trading i.e. reporting date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value as these are short term in nature.

The following table shows financial instruments recognised at fair value based on:

- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table show the carrying amount and fair values of financial assets including the levels in the fair value hierarchy.

	September 30, 2023			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
ASSETS				
Investments in listed equity securities - at fair value through profit and loss	588,493	-	-	588,493

	June 30, 2023			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
ASSETS				
Investments in listed equity securities - at fair value through profit and loss	583,367	-	-	583,367

There were no transfers between various levels of fair value hierarchy during the period and carrying values of all other financial instruments are approximate to their fair values.

17 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 31, 23 by the Board of Directors of the Management Company.

18 GENERAL

18.1 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation. No significant rearrangements or reclassifications have been made in these condensed interim financial statements during the current period.

18.2 Figures have been rounded off to the nearest thousand rupees.

**For AKD Investment Management Limited
(Management Company)**

Chief Executive Officer

Director

Chief Financial Officer



**AKD Investment
Management Ltd.**

Head Office:

216-217, Continental Trade Centre, Block-8, Clifton, Karachi-74000
U.A.N : 92-21-111 AKDIML (111-253-465) | Fax : 92-21-35303125

Gulshan-e-Iqbal Branch:

Bungalow No. FL-3/12,
Ground Floor Block No. 5, KDA,
Scheme No. 24, Gulshan-e-Iqbal, Karachi.
Contact # 92-21-34823003-7

Abbottabad Branch:

Office No. 1 & 2, 2nd Floor, Zaman Plaza,
Near Complex Hospital,
Main Mansehra Road, Abbottabad.
Contact # 099-2381431-2

Lahore Branch:

Plaza # 250, 2nd Floor, Phase IV,
Block-FF, D.H.A., Lahore Cantt.
Contact # 0333-0342762-4

E-mail : info@akdinvestment.com
Website : www.akdinvestment.com